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CORPORATE PROFILE

BIG ROCK BREWERY LTD. is a regional producer and marketer of specialty draught and bottled beer located in Calgary, Alberta, Canada. Founded in 1985 by Ed McNally, the Company is dedicated to the brewing of premium beers using only malted barley, hops, water and yeast. The Company's products are currently marketed in the four Western Canadian provinces of Alberta, British Columbia, Saskatchewan and Manitoba and also through independent distributors in the United States. Big Rock Brewery has enjoyed consistent growth through careful marketing, utilization of innovative brewing technology and unfailing attention to quality control.

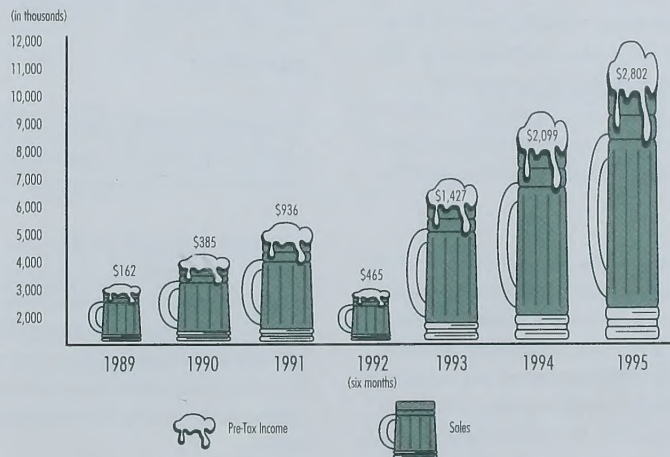
NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

July 31, 1995
11:00 A.M.
Auditorium
3rd Floor, Bow Valley Square II
205 - 5th Avenue S.W.
Calgary, Alberta

*Cover illustration by
Big Rock Artist, Dirk Van Wyk*

FINANCIAL HIGHLIGHTS

	March 31				September 30		
	1995	1994	1993	(Six Months) 1992	1991	1990	1989
Net Sales	\$13,689,792	\$9,568,287	\$7,035,849	\$2,901,668	\$5,451,167	\$3,842,121	\$2,752,985
Income before Income Tax	2,802,332	2,099,721	1,427,237	465,007	936,010	385,107	162,338
Net Income	1,742,332	1,307,721	924,737	297,007	887,710	354,696	135,680
Earnings per share	0.40	0.30	0.22	0.08	0.25	0.10	0.04
Shareholders' Equity	10,198,202	8,415,870	7,108,149	3,901,329	3,156,722	2,269,012	1,794,316
Average Shares Outstanding	4,408,700	4,406,200	4,406,200	3,706,200	3,508,200	3,508,200	3,408,200



REPORT TO SHAREHOLDERS

A LOOK BACK

We have been so busy building and brewing at Big Rock that it is hard to believe that we are about to celebrate our tenth anniversary in the beer business. Ten years ago, we were accumulating new and used brewing equipment in a small warehouse in South East Calgary. Our objective was an ambitious one - to produce a premium, unpasteurized product with no additives or preservatives, using local two row malted barley and traditional brewing methods.

Our brewmaster, Bernd Pieper, brought invaluable experience from breweries in Europe and Africa. Although he was somewhat taken aback by our very frugal and modest beginnings, he instilled in us the confidence that we could achieve our lofty ambitions.

In a market dominated by light, pasteurized lagers, unpasteurized, European-style ales were almost unknown. We always believed that if we could consistently produce a premium, pure malt, traditional-style beer with a distinctive character and taste, we would not fail.

Our persistence was rewarded. As sales climbed, the challenges of servicing our growing markets were met. Big Rock has undergone three major capacity expansions, and each time our sales goals were met or exceeded.

The Company's growth hinged on two major factors. Strict adherence to the principles of quality and customer service have been the mainstays of our operation. Investment in state-of-the-art brewing technology has made Big Rock a leader in the industry. We were most fortunate, during our first ten years, in acquiring new technology designed to improve the quality and stability of unpasteurized beers. We purchased a new multi-micro, sterile filtration system, the first of its kind in North America. Subsequently, we purchased a double-evacuation Krones filler and an automated kegging system. From our modest beginnings we have

succeeded beyond the most optimistic expectations. Today, Big Rock is one of the leading craft brewers in North America.

As at fiscal year end, production exceeded 120,000 HL. The brewery has taken advantage of advances in brewing technology to enhance the stability and shelf life of its unpasteurized products. Utilization of cold, multi-microfiltration and oxygen exclusion in the bottling process has enabled the Company to extend its markets geographically. Big Rock products can now be found from Southern California to the Northwest Territories and from Winnipeg to Vancouver.

We have brewed a selection of beers which have won international recognition and our sales continue to grow in all areas. Introduction of innovative product lines has also contributed to the Company's expansion. Big Rock introduced Canada's first wheat ale (Grasshopper Wheat Ale) and rye ale (Magpie Rye Ale) which have boosted Company sales figures.

YEAR TO DATE

The possibility of contract brewing in Eastern Canada and the U.S. was examined extensively in 1995. Because of problems encountered in brewing the same beer with different water and in different facilities, these experiments were abandoned.

To accommodate projected growth, a decision was made to build our own completely new 300,000 HL. brewery here in Calgary. Here we have the right water, the right malt and we have been able to consistently produce identical results, brew after brew. Land has been purchased for the new brewery with room to accommodate future expansion. The plans for the new structure are almost finalized and contracts for the new equipment are being studied.

On completion of the new brewery, the present brewing facility will be closed. Most of the existing brewery will be transferred to the new site bringing production capacity to a total of 450,000 HL.

A LOOK AHEAD

Another period of exciting growth has begun. All of us at Big Rock are confident that the craft brewing industry is still in its infancy and will continue double digit growth for the next five years. (This view is shared by financial analysts in the U.S. and Canada).

All of our original brewers and technicians are still with us and are eager to start on this next period of growth. We now have a second brewmaster who brings a wealth of skills to the brewery. In addition, Big Rock has established an apprenticeship program for our young brewers. In conjunction with this program, the Company will send a trainee to the Master Brewer's program at Heriot-Watt University.

Big Rock is well positioned to meet the next phase of growth. A strong team spirit, well engineered facilities and a tremendously loyal customer base give us a solid foundation upon which to grow. The enthusiasm and talent of Big Rock's employees will ensure our continued success.

Thanks to our directors who have assisted me in steering this course of steady growth. We have accomplished much together despite many challenges. We have always been unwavering in our commitment to the highest quality in brewing. The first sign we posted in the brewery is still there - "To brew a masterpiece, no compromise can be tolerated".

Special thanks to Bill Lupien who has stepped down from the Board for business reasons. He has been, and continues to be, a great friend and advisor.

The first ten years have seen tremendous changes at Big Rock. We look forward to another decade of accomplishments as we prepare for an exciting new phase of growth.

E.E. McNally
E.E. McNally, President



BIG ROCK BREWERY LTD.

Although nothing exists in isolation, it is of some interest and appropriate brevity that we look at the transit of Jupiter in the coming months.

The jovial nature of value, expansiveness and generosity may be difficult during the retrograde motion of the planet. It's movement turns again in August.

At the end of September, the transiting Jupiter comes onto the natal Uranus position. A time for idealism with surprises and sudden opportunities. According to some house system calculations, Jupiter will enter the second house in October which would emphasize material and financial gains as value increases.

At the end of November, a conjunction is reached with natal Mars. This is a time of high energy, hard work and an emphasis on mind-body co-ordination. Caution for physical accidents is advised. At the year-end, Jupiter transits Neptune. A very idealistic time of working toward a good cause. This is not an ego trip but a good time to relate to major social causes.

The old-fashioned view of Jupiter's return to its original (natal) position was one of exceptional luck and good fortune. More contemporary interpretations of this transit are viewed as a renewal on a deeper level. A change of octave. A time to find "new" meaning. Yes, even astrological information is subject to "trendy" interpretation. After all, we can only function in this here and now (and how).

On the mundane level, all this adds up to very exciting if not to say frantic time ahead. It is in the nature (natal chart) of this brewery to be generous, expansive, and growing, but that does not have to mean the old "bigger is better". There are tendencies now to increase value within a new context.

Big Rock brewery is in the process of creating these tendencies - giving them form. We don't know what they look like or feel like but the ideology is to make them happen.

Dirk Van Wyk - Artist-in-Residence
And Occasional Astrologer

*Inspirational reading - "The Holographic Universe" - Talbot

MANAGEMENT'S DISCUSSION AND ANALYSIS

GROSS REVENUES

The Company had sales of \$23.1 million representing a 43 per cent increase from the previous year.

Production volumes increased 40 per cent from 85,000 HL to 120,000 HL in 1995.

Two products accounted for a significant increase in sales volume during the year. Grasshopper Wheat Ale, which was launched in April, 1994, exceeded the company's expectations both in Canada and the United States and is currently our second biggest seller in Alberta. Warthog Ale, introduced in August, 1993, continued its growth both in Canada and the United States. Other Big Rock brands enjoyed gains during the year.

GOVERNMENT COMMISSIONS AND TAXES

Government commissions and taxes increased 43 per cent to \$9.4 million consistent with the Company's sales growth. This amount reflects the Alberta Liquor Control Board Commission, Federal Sales and Excise Tax.

COST OF GOODS SOLD

During the year, the Company's cost of goods sold as a percentage of net sales decreased to 44.2 per cent from 45.6 per cent in the previous year. This improvement is attributable to increased plant efficiency, lower labour rates per unit and reduced malt cost. This success was achieved in spite of cost increases for glass, paper and energy.

SELLING, GENERAL AND ADMINISTRATIVE

Selling and administration costs for 1995 were \$3.9 million in 1995 compared with \$2.8 million in 1994. As a percentage of net sales, these costs were 29 per cent for both 1994 and 1995.

During the year, the Company recorded higher delivery and storage costs reflecting the increase in the number of retail liquor stores since privatization of the Alberta Liquor Control Board's retail operations.

Salaries and commissions for out-of-province operations significantly increased primarily as a result of dramatic growth both in British Columbia and Manitoba markets. The Company provides a commission to distributors on product sold and remittance paid to the Company by Provincial liquor boards.

CAPITAL EXPENDITURES

The Company had \$3.6 million in capital expenditures in 1995. Included in this amount are 16,000 Sankey kegs, an automated keg filler and sanitizing machine, six fermenters and a 22 ounce bottle filler.

LOSS ON DISPOSAL OF CAPITAL ASSETS

During the year, the Company replaced its kegs and kegging equipment to conform with current industry beer dispensing standards resulting in a \$0.4 million loss. In addition, the Company wrote down a used filtration system to its current estimated value.

BANK FINANCING AND REPAYMENT

On March 31, 1995, the Company had \$1.5 million in bank debt outstanding. Of this amount \$1.2 million was a term loan for capital expenditures and \$0.3 million was a revolving operating line. Both rates are at a floating interest rate of prime plus 1/2 and prime plus 1/8 respectively.

AUDITORS' REPORT

To the Shareholders of
Big Rock Brewery Ltd.

We have audited the balance sheet of Big Rock Brewery Ltd. as at March 31, 1995 and 1994 and the statements of income and retained earnings and changes in financial position for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in Canada. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 1995 and 1994 and the results of its operations and the changes in its financial position for the years then ended in accordance with generally accepted accounting principles in Canada.

Horwath, Schroeder & Tobin
HORWATH, SCHROEDER & TOBIN
CHARTERED ACCOUNTANTS

Calgary, Canada
May 12, 1995

BIG ROCK BREWERY LTD.

STATEMENT 1

BALANCE SHEET

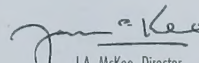
MARCH 31, 1995 AND 1994

(Denominated in Canadian Dollars)

	1995	1994
ASSETS		
CURRENT ASSETS		
Cash	\$ 42,317	\$ 311,960
Accounts receivable	1,481,068	1,177,089
Inventories (Note 2)	1,653,042	943,033
Prepaid expenses and other	85,865	67,138
Total current assets	3,262,292	2,499,220
CAPITAL ASSETS (Note 3)	10,596,468	7,959,570
OTHER	29,535	10,000
	\$ 13,888,295	\$ 10,468,790
LIABILITIES		
CURRENT LIABILITIES		
Bank indebtedness (Note 4)	\$ 408,071	\$ 609,357
Accounts payable	462,739	392,663
Income taxes payable	238,809	80,400
Current portion of long-term debt (Note 5)	220,476	1,082,420
Total current liabilities	1,330,095	89,000
LONG-TERM DEBT (Note 5)	956,498	881,500
DEFERRED INCOME TAXES	1,403,500	
COMMITMENTS (Note 11)		
Total liabilities	3,690,093	2,052,920
SHAREHOLDERS' EQUITY		
SHARE CAPITAL (Note 6)	5,402,784	5,362,784
RETAINED EARNINGS (Statement 2)	4,795,418	3,053,086
Total shareholders' equity	10,198,202	8,415,870
	\$ 13,888,295	\$ 10,468,790

Approved by the Board:


E.E. McNally, Director


J.A. McKee, Director

BIG ROCK BREWERY LTD.**STATEMENT 2****STATEMENT OF INCOME AND RETAINED EARNINGS
YEARS ENDED MARCH 31, 1995 AND 1994**

(Denominated in Canadian Dollars)

	<u>1995</u>	<u>1994</u>
SALES	\$ 23,078,655	\$ 16,140,745
GOVERNMENT COMMISSIONS AND TAXES	9,388,863	6,572,458
COST OF SALES	6,054,940	4,363,698
GROSS PROFIT	7,634,852	5,204,589
EXPENSES		
Amortization	405,451	414,946
Selling, general and administrative (Schedule)	3,942,690	2,756,846
Interest on long-term debt	43,249	12,891
Total expenses	4,391,390	3,184,683
INCOME BEFORE THE FOLLOWING	3,243,462	2,019,906
GAIN (LOSS) ON DISPOSAL OF CAPITAL ASSETS (Note 7)	(441,130)	79,815
INCOME BEFORE INCOME TAXES	2,802,332	2,099,721
INCOME TAXES (Note 8)	1,060,000	792,000
NET INCOME FOR YEAR	1,742,332	1,307,721
RETAINED EARNINGS BEGINNING OF YEAR	3,053,086	1,745,365
RETAINED EARNINGS END OF YEAR	\$ 4,795,418	\$ 3,053,086
EARNINGS PER SHARE (Note 9)		
Basic	40¢	30¢
Fully diluted	39¢	29¢

BIG ROCK BREWERY LTD.

STATEMENT 3

STATEMENT OF CHANGES IN FINANCIAL POSITION YEARS ENDED MARCH 31, 1995 AND 1994

(Denominated in Canadian Dollars)

	<u>1995</u>	<u>1994</u>
CASH PROVIDED BY (USED FOR):		
OPERATING ACTIVITIES		
Net income for year (Statement 2)	\$ 1,742,332	\$ 1,307,721
Items not affecting cash		
Amortization	405,451	414,946
(Gain) loss on disposal of capital assets	441,130	(79,815)
Deferred income taxes	522,000	316,000
Changes in other working capital elements	<u>(1,333,187)</u>	<u>(102,913)</u>
	<u>1,777,726</u>	<u>1,855,939</u>
FINANCING ACTIVITIES		
Bank loan repayments	(292,426)	(80,400)
Bank loan borrowings	1,300,000	90,000
Share capital issued	40,000	
	<u>1,047,574</u>	<u>9,600</u>
INVESTING ACTIVITIES		
Purchase of capital assets	(3,559,438)	(1,209,930)
Deposits on capital assets	(122,498)	(263,718)
Increase in other assets	(19,535)	
Proceeds on disposal of capital assets	198,457	165,348
Share purchase loans collected		462,344
	<u>(3,503,014)</u>	<u>(845,956)</u>
NET INCREASE (DECREASE) IN CASH	<u>(677,714)</u>	<u>1,019,583</u>
CASH (DEFICIENCY) BEGINNING OF YEAR	311,960	(707,623)
CASH (DEFICIENCY) END OF YEAR	<u>\$ (365,754)</u>	<u>\$ 311,960</u>
CASH (DEFICIENCY) COMPRISED OF:		
Cash	42,317	311,960
Excess of cheques written over funds on deposit	(69,071)	
Demand bank loans	<u>(339,000)</u>	
	<u>\$ (365,754)</u>	<u>\$ 311,960</u>

BIG ROCK BREWERY LTD.

NOTES TO FINANCIAL STATEMENT MARCH 31, 1995 AND 1994

1. SIGNIFICANT ACCOUNTING POLICIES

The company has adopted the following significant accounting policies:

a. Principles of accounting

The company follows accounting policies generally accepted in Canada. Differences from United States accounting principles are described in Note 13 to these financial statements.

All figures are reported in Canadian dollars. Exchange rates between the U.S. and Canadian dollars for each of the years reported in these financial statements, with bracketed figures reflecting the average exchange rate for the year, are:

	<u>Canadian Equivalent of \$1 U.S.</u>	
March 31, 1995	1.3837	(1.3125)
March 31, 1994	1.2469	(1.2297)

b. Inventories

Inventories of raw materials and supplies are valued at the lower of cost (first-in, first-out method) and replacement cost. Inventories of brews in process and finished product are valued at the lower of cost (including direct materials, labour and overhead costs) and net realizable value.

Returnable glass containers are initially recorded at cost. In order to charge operations for wear and disappearance the cost of bottles are charged to operations over their estimated useful life.

c. Capital assets

Capital assets are stated at cost less accumulated amortization and government assistance received. Amortization is recorded on the straight-line basis over the estimated useful lives of the assets to their estimated salvage or residual values. No amortization is recorded on assets in the year of acquisition. Amortization rates are as follows:

Buildings	40 years	2.5%
Production equipment	6 1/2 to 30 years	3.3% to 15%
Vehicles	4 years	25%
Furniture and fixtures	6 1/2 years	15%

1. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

d. Government assistance and investment tax credits

Government assistance in the form of grants and investment tax credits are accrued when earned. Such assistance is applied to reduce the related expenses or asset costs.

e. Revenue recognition

Revenue is recognized at the time of shipment at the gross sales price charged to the purchaser. Invoices for sales to Canadian customers are submitted to the respective provincial Liquor Control Boards who pay the company after deducting Liquor Control Board commissions. Excise taxes are assessed on production. Commissions and taxes are comprised as follows:

	<u>1995</u>	<u>1994</u>
Liquor Control Board commissions	\$ 7,023,449	\$ 5,135,099
Excise and sales taxes	<u>2,365,414</u>	<u>1,437,359</u>
	<u>\$ 9,388,863</u>	<u>\$ 6,572,458</u>

Product, which is returned due to expired shelf life and for which the customer is given credit, is netted against gross sales. Product returns totalled \$81,226 in 1995 and \$185,491 in 1994.

f. Deferred income taxes

The company follows the tax allocation method of accounting for the tax effect of the timing differences between taxable income and accounting income. Timing differences result principally from claiming capital cost allowance for income tax purposes in excess of amortization on capital assets.

g. Foreign Exchange

Transactions in foreign currencies are recorded in Canadian dollars at the exchange rates in effect at the date of the transaction. Monetary assets and liabilities in foreign currencies have been converted to Canadian dollars at exchange rates in effect at the balance sheet date. Foreign exchange gains and losses included in earnings for the year are not material.

h. Earnings per share

Earnings per share are calculated using the weighted average number of shares outstanding during the period.

2. INVENTORIES

	1995	1994
Raw materials and returnable glass	\$ 1,027,743	\$ 562,084
Brews in progress	196,737	165,668
Finished product	333,509	131,162
Dispensing units	38,142	42,124
Promotional goods	56,911	41,995
	<u>\$ 1,653,042</u>	<u>\$ 943,033</u>

3. CAPITAL ASSETS

	1995	1995	1994
	Cost	Accumulated Amortization	Net Book Value
Land	\$ 328,200	\$	\$ 328,200
Buildings	2,340,840	298,185	2,042,655
Production equipment	8,480,033	925,797	7,554,236
Vehicles	130,451	90,622	39,829
Furniture and fixtures	199,974	69,030	130,944
Surplus equipment	114,388		114,388
Equipment deposits (Note 11)	386,216		386,216
	<u>\$11,980,102</u>	<u>\$1,383,634</u>	<u>\$10,596,468</u>
			<u>\$ 7,959,570</u>

The cost of building and equipment includes capitalized interest and labour totalling \$702,438 for the year ended March 31, 1995 (1994 - \$477,898). \$40,000 interest was capitalized in the year (1994 - \$NIL).

Surplus equipment, for which the company is seeking purchasers, consists of brewing and bottling equipment.

4. BANK INDEBTEDNESS

Excess of cheques written over funds on deposit
Revolving demand loan

	<u>1995</u>	<u>1994</u>
	\$ <u>69,071</u>	
	<u>339,000</u>	
	\$ <u>408,071</u>	

The company has a revolving line of credit to a maximum limit of \$750,000 and which bears interest at Royal Bank prime plus 1/8% per annum (effective rate at March 31, 1995 - 9.875%; March 31, 1994 - 6.5%).

A general security agreement and a general assignment of book debts has been provided as security.

5. LONG-TERM DEBT

Royal Bank demand term loan bearing interest at prime plus 1/2% per annum with monthly blended interest and principal payments of \$26,700. A fixed and floating charge debenture on the land, buildings and equipment and an assignment of fire and life insurance has been provided as security.

	<u>1995</u>	<u>1994</u>
	\$ <u>1,176,974</u>	

Royal Bank demand term loan repaid in the year

\$ 169,400

Less current portion

	<u>(220,476)</u>	<u>(80,400)</u>
	\$ <u>956,498</u>	\$ <u>89,000</u>

Estimated principal repayments required for subsequent years are as follows:

Year ending March 31,	1996	\$ 220,476
	1997	241,918
	1998	265,446
	1999	291,263
	2000	<u>157,871</u>
		<u>\$ 1,176,974</u>

6. SHARE CAPITAL

Authorized

Twenty million (20,000,000) common shares.

One million (1,000,000) preferred shares which may be issued in one or more series with rights, privileges, restrictions and conditions as fixed by the directors prior to the issue of each series.

Common Shares Outstanding

	1995		1994	
	Shares	Amount	Shares	Amount
Beginning of year	4,406,200	\$ 5,362,784	4,406,200	\$ 5,362,784
Stock options exercised in the year	10,000	40,000		
End of year	4,416,200	\$ 5,402,784	4,406,200	\$ 5,362,784

As of March 31, 1995, 310,000 (1994 - 120,000) common shares were reserved for the exercising of stock options by staff, two of the directors and a consultant to the company. These options are exercisable as follows:

Expiry Date	# of Shares	Exercise Value
October 31, 1997	110,000	\$ 4.00
December 15, 1999	200,000	\$14.65

7. LOSS ON DISPOSAL OF CAPITAL ASSETS

During the year, the company replaced its kegs and kegging equipment to conform with the most current industry beer dispensing standards. A loss of \$379,130 resulted on the disposal. In addition, the company wrote down certain other surplus equipment to its estimated salvage value by \$62,000.

8. INCOME TAXES

The company is classified as a public company for Canadian income tax purposes engaged in manufacturing and processing activities. Statutory tax rates in effect on March 31, 1995 were 37.4% (1994 - 38.4%) on taxable income. The company's effective tax expense is summarized as follows:

	1995	1994
Income before income tax expense	<u>\$ 2,802,332</u>	<u>\$ 2,099,721</u>
Income tax expense at statutory rate	<u>1,046,400</u>	<u>806,000</u>
Effect on taxes of		
Non-deductible expenses	19,800	4,300
Deductible share issuance costs	(16,400)	(16,800)
Other (net)	<u>10,200</u>	<u>(1,500)</u>
Income tax expense (effective rate: 37.8%, 1994 - 37.7%)	<u>\$ 1,060,000</u>	<u>\$ 792,000</u>
Current income tax expense	538,000	476,000
Deferred income tax expense	<u>522,000</u>	<u>316,000</u>
	<u>\$ 1,060,000</u>	<u>\$ 792,000</u>

9. EARNINGS PER SHARE

	1995	1994
Basic	40¢	30¢
<u>Average common shares outstanding</u>	<u>4,408,700</u>	<u>4,406,200</u>
Fully diluted	39¢	29¢
<u>Average common shares</u>	<u>4,584,533</u>	<u>4,526,200</u>

To determine fully diluted earnings per share, net income consists of net income per financial statements plus an assumed rate of return, after income taxes, on the proceeds which would have been received on the exercise of options. The options are treated, for calculation of average common shares, as if exercised at the beginning of the year or on the day the options were granted, if later.

10. REMUNERATION OF DIRECTORS AND OFFICERS

Direct remuneration to Directors and Officers of the company (2 individuals) totalled \$255,240 for the year ended March 31, 1995 (March 31, 1994 - \$216,000).

11. COMMITMENTS

The company leases warehouse premises in Edmonton and Calgary on which the leases expire in August, 1997 and 1999 respectively. Annual lease payments, including estimated utilities and property taxes, are as follows:

1996	\$ 117,000
1997	101,000
1998	91,000
1999 (five months)	38,000

The company has committed to purchase kegs and fermentation tanks for a total cost of \$1,200,000 of which \$386,216 had been paid as a deposit at year end and is included in capital assets.

12. INDUSTRY SEGMENT

The company's principal business activity is the production and marketing of specialty draught and bottled beer. The company's beers are primarily marketed in Alberta, Canada and in accordance with provincial laws, all beer sold in the Province must be sold through the Alberta Liquor Control Board (ALCB) or establishments licensed by the ALCB. Sales through independent distributors in the Western United States comprise approximately 23.5% of net sales for the year ended March 31, 1995 and 24% for the year ended March 31, 1994.

13. DIFFERENCES BETWEEN CANADIAN AND UNITED STATES GENERALLY ACCEPTED ACCOUNTING PRINCIPLES

Generally accepted accounting principles ("G.A.A.P.") used in the United States of America differ in certain respects from G.A.A.P. used in Canada. Differences which materially affect these financial statements are:

a. Demand Loans

In accordance with Canadian banking practices all of the company's bank loans are payable on demand but provide for monthly repayment instalments over an assumed term and accordingly are classified as long-term debt for amounts due in the following fiscal period. United States G.A.A.P. classify all demand loans as current liabilities and not as long-term debt.

13. DIFFERENCES BETWEEN CANADIAN AND UNITED STATES GENERALLY ACCEPTED ACCOUNTING PRINCIPLES

b. Earnings Per Share

United States G.A.A.P. calculation

Net income per share based upon the weighted average numbers of shares outstanding during each year plus common stock equivalents, such as common share purchase options unless they are antidilutive. Primary income per share would be computed as if common share purchase options were exercised at the beginning of the year, and as if funds obtained thereby were used to purchase common shares of the company for cancellation at the average market price during the year. Fully diluted net income per share would be calculated as if the proceeds from the exercise of common share purchase options were used to purchase the company's common shares at its average market price during the year or its market value at the end of the year whichever is higher.

Had the financial statements been prepared in accordance with United States G.A.A.P. as previously described, the following changes would have been made:

	<u>1995</u>	<u>1994</u>
LIABILITIES		
Total current liabilities		
Canadian G.A.A.P.	\$ 1,372,235	\$ 1,082,420
Long-term debt repayable on demand for which repayment provisions have been agreed to	<u>956,498</u>	<u>89,000</u>
United States G.A.A.P.	<u>\$ 2,328,833</u>	<u>\$ 1,171,420</u>
Long-term debt		
Canadian G.A.A.P.	\$ 956,498	\$ 89,000
Transferred to current liabilities	<u>(956,498)</u>	<u>(89,000)</u>
United States G.A.A.P.	<u><u> </u></u>	<u><u> </u></u>

13. DIFFERENCES BETWEEN CANADIAN AND UNITED STATES GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (Cont'd)

STATEMENT OF CHANGES IN FINANCIAL POSITION

Under United States G.A.A.P. the statement of changes in financial position is called the statement of cash flow. The application of United States G.A.A.P. as noted above would necessitate the following presentation changes:

	1995	1994
Financing Activities		
Canadian G.A.A.P.		\$ 9,600
Share purchase loans repaid		462,344
United States G.A.A.P.		\$ 471,944
Investing Activities		
Canadian G.A.A.P.		\$ (845,956)
Share purchase loans repaid		
Transferred to financing activities		(462,344)
United States G.A.A.P.		<u><u>\$ (1,308,300)</u></u>
EARNINGS PER SHARE		
Primary earnings per share		
United States G.A.A.P.	38¢	30¢
Weighted average number of shares outstanding		
United States G.A.A.P.	<u><u>\$ 4,626,700</u></u>	<u><u>\$ 4,406,200</u></u>
Fully diluted earnings per share		
United States G.A.A.P.	38¢	29¢
Weighted average number of shares outstanding		
United States G.A.A.P.	<u><u>\$ 4,626,700</u></u>	<u><u>\$ 4,526,200</u></u>

14. SUBSEQUENT EVENTS

Subsequent to the year-end date the company's offer to purchase a 14.4 acre site for potential future plant expansion for \$1,669,240 was accepted by the vendor. A deposit of \$166,924 has been paid and \$389,489 is payable on closing, September 5, 1995, and \$556,413 plus accrued interest at bank prime plus 1% per annum is payable on each of September 6, 1996 and 1997.

A statement of claim has been issued seeking damages in the amount of \$150,000 and seeking to restrain the use of one of the company's marks. In the opinion of the company's counsel, the claim is without merit.

15. PRIOR YEAR'S FIGURES

Certain of prior year's figures have been reclassified to conform with the presentation format adopted in the current year.

BIG ROCK BREWERY LTD.**SCHEDULE****SCHEDULE OF SELLING, GENERAL AND ADMINISTRATIVE EXPENSES**

YEARS ENDED MARCH 31, 1995 AND 1994

(Denominated in Canadian Dollars)

	<u>1995</u>	<u>1994</u>
Advertising, promotion and market development	\$ 969,404	\$ 850,076
Bad debt expense	40,000	
Bank charges and foreign exchange	5,768	(17,881)
Business and property taxes	72,977	72,824
Delivery and storage	891,631	567,153
Insurance, licences and fees	61,413	47,845
Office	203,186	143,484
Professional fees	151,162	100,097
Repairs and maintenance	35,319	31,401
Salaries and commissions - out of province	553,728	159,096
Salaries, benefits and subcontractors	958,102	763,435
Stock exchange listing fees		39,316
	<u>\$ 3,942,690</u>	<u>\$2,756,846</u>

CORPORATE INFORMATION

DIRECTORS

Mr. EDWARD E. McNALLY
Chairman, C.E.O.
Big Rock Brewery Ltd.
Calgary, Alberta

Mr. RICHARD G. BURGE
President
Burge Development Corp.
Oakland, California

Mr. ROBERT H. HARTLEY
Rancher
High River, Alberta

Mr. RICHARD W. JONES
Consultant
PaineWebber Inc.
Los Angeles, California

Mr. OTTO L. LEVERKUS
Big Coulee Ranch
Nanton, Alberta

Mr. J. ANGUS McKEE
President, C.E.O.
Gulfstream Resources Canada Limited
Calgary, Alberta

Mr. William E. McNally
Barrister and Solicitor
Calgary, Alberta

Mr. Mac H. VAN WIELINGEN
President, Managing Director
PowerWest Financial Ltd.
Calgary, Alberta

OFFICERS AND SENIOR PERSONNEL

EDWARD E. McNALLY
President

MITCHELL E. WESTNEDGE
Treasurer

BERND PIEPER
Brewmaster

HEAD OFFICE

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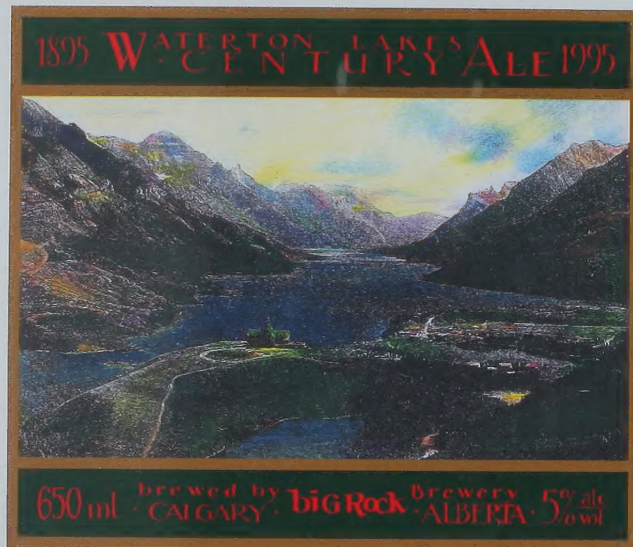
AUDITORS

HORWATH, SCHRÖEDER & TOBIN
Chartered Accountants
Calgary, Alberta

TRANSFER AGENTS

R-M TRUST COMPANY
600, 333 - 7th Avenue S.W.
Calgary, Alberta T2P 2Z3

The Company's Common stock is traded on the Alberta Stock Exchange under the symbol BR and on the NASDAQ System under the symbol BEER-F.



BIG ROCK BREWERY LTD. 1985 ~ 1995